1999. Moreover, these are the same procedures that were discussed at great length early in the New York DSL Collaborative. Finally, these are the same procedures that this Commission found to satisfy Verizon's line sharing obligations in its Massachusetts and Connecticut 271 approval orders.

With respect to line splitting, Verizon VA's contract adopts by reference the line splitting procedures developed in the New York DSL Collaborative. AT&T is an active participant in that collaborative, and has contributed to the development of these procedures from the very beginning. More importantly, AT&T is participating in the current line splitting pilot that has been testing these procedures since June. This pilot is intended to test the procedures developed by the collaborative and fine tune them if necessary to address any unforeseen operational or billing problems.

Verizon is disappointed with AT&T's efforts in the trial thus far. AT&T, which is partnering with itself to provide data service, predicted that it would have significant volumes of line splitting arrangements in service by now. However, AT&T has only placed a hand full of orders. WorldCom has yet to place any orders. These low volumes jeopardize an October implementation by significantly impairing Verizon's ability to test its manual and mechanized processes, as well as the ability for Verizon to handle large volumes, and raises the question of how sincere the CLECs are in their demands for this service and other related enhancements. Indeed, AT&T has commended Verizon for its efforts in developing mechanized line splitting, but admitted that due to systems problems, AT&T is several weeks behind in their planned line splitting roll out. Consequently, AT&T's claims that it will face "potential service issues" in the absence of the detailed line splitting contract language it proposes are not credible given its level of effort in the very process developed by the New York DSL Collaborative to work through such issues.

A similar situation occurred last year when Verizon prepared to implement line sharing. Although the CLECs were insistent that they needed this functionality, they only submitted a small number of orders during the line sharing pilot. Furthermore, to date, the CLECs have not ordered line sharing arrangements on the magnitude that they predicted in 2000. It would not be prudent for the Commission to direct Verizon to spend its resources to develop line splitting arrangements specifically for one interconnection agreement that the CLECs will not order in reality. Therefore, the Commission should allow new arrangements to be developed and refined through the collaborative process, where the CLECs can prioritize their needs based on realistic projections of demand.

Q. HAS AT&T BEEN PROVIDED WITH THE LINE SPLITTING SERVICE DESCRIPTIONS DEVELOPED IN THE NEW YORK COLLABORATIVE?

A. Yes. AT&T—as well as the industry as a whole—has received documentation of the line splitting service descriptions developed in the New York DSL Collaborative, which were diagramed in Exhibits ASP-5 and -6. These descriptions form the basis for the pilot currently underway, and are attached as Rebuttal Exhibit ASP-14. A line splitting tariff is also in place in New York.

Q. AT PAGE 109 OF HIS DIRECT TESTIMONY, AT&T WITNESS PFAU STATES THAT AT A MINIMUM, VERIZON MUST PROVIDE NONDISCRIMINATORY SUPPORT UNDER FIVE DIFFERENT CIRCUMSTANCES. PLEASE COMMENT ON HIS SUGGESTIONS AS WELL AS ANY PLANS VERIZON HAS TO ACCOMMODATE THESE SCENARIOS.

A. AT&T proposes the following five scenarios:

1. When AT&T adds xDSL service to an existing UNE-P voice customer;
2. When AT&T establishes a bundled voice/xDSL service for a new customer;
3. When AT&T seeks to convert a customer's voice service to AT&T without changing the customer's existing xDSL provider;
4. When AT&T requests that the xDSL carrier in an existing line splitting arrangement be changed; and
5. When AT&T requests Verizon to disconnect an existing xDSL service on an AT&T loop.

Scenarios 1 and 3 appear to be the same as the line splitting Options 3 and 2, respectively, outlined in the service descriptions in Exhibit ASP-12. These scenarios are being tested in the New York Pilot, and are scheduled for release nationwide, including Virginia, in the October target time frame.

The New York DSL Collaborative has formed two sub-teams to address the various migration scenarios that CLECs have proposed, including the remaining three recommended by Mr. Pfau. One team will be focused on xDSL and Line Sharing migrations and the other team will be focused on Line Splitting migrations. In a meeting held on July 20, 2001, the New York DSL Collaborative working team on line splitting reviewed eight migration scenarios. Initial attempts were made to prioritize and establish business rules for these scenarios. Follow-up meetings to continue this work effort were held on July 27, and August 10, 2001, at which eight additional scenarios were introduced and the status of the pilot was discussed. The two teams continue to work on the migration scenarios and additional meetings are scheduled.[30]

Assuming the parties can reach consensus on terms, conditions and prices, these migrations will be developed in a manner that addresses priorities identified by the CLECs and DLECs in the collaborative meetings, and will be developed to ensure that a consistent and effective method is in place to handle each migration in a defined manner and that will be as non-disruptive to the end user as possible. Most migrations will involve some physical work and will involve some disruption to the end user.

[30] The New York Commission established a web page to track the progress of the New York DSL Collaborative at http://www.dps.state.ny.us/DSLproced.html, and has invited any other commission or interested party to participate in the meetings.

Q. HAS THE NEW YORK DSL COLLABORATIVE ADDRESSED SITUATIONS IN WHICH AT&T REQUESTS THAT AN xDSL PROVIDER BE CHANGED OR AN EXISTING xDSL SERVICE DISCONNECTED?

A. Yes. These situations are among the sixteen scenarios being discussed and developed in the New York DSL Collaborative. Today, Verizon is performing a number of migrations, and is project managing with interested CLECs migrations from one data provider to another where a previous DLEC discontinues its business. Where an xDSL provider is disconnected, the line will be converted back to a UNE-P.

Q. HAS THE NEW YORK DSL COLLABORATIVE ADDRESSED ESTABLISHING LINE SPLITTING SCENARIOS FOR NEW CUSTOMERS?

A. Not in detail at this time. In prioritizing the service descriptions, the parties agreed to address conversions of existing voice customers to line splitting scenarios first. Thus, the two finalized service descriptions subject to the pilot and scheduled for implementation this fall do not address line splitting scenarios for new voice customers. However, the collaborative working groups are addressing this scenario for future development. Once the business rules and procedures are developed in the collaborative, they will be implemented in Virginia under Verizon VA's currently proposed interconnection agreement language.

Q. UNDER VERIZON VA'S PROPOSED LINE SHARING AND LINE SPLITTING LANGUAGE, WILL THESE SERVICES BE PROVISIONED AS THEY ARE IN MASSACHUSETTS AND CONNECTICUT?

A. Yes. In granting 271 approval to Verizon in Massachusetts and Connecticut, the Commission reviewed Verizon's actual line sharing and line splitting performance. In the Massachusetts proceeding, Verizon proffered evidence that it had signed nine interconnection agreements in Massachusetts containing line sharing provisions.[31] Those provisions were identical to the provisions in Verizon NY's agreements and the provisions Verizon VA proposes in its agreement with AT&T and WorldCom.[32] It is pursuant to those agreements that Verizon's actual provisioning of line sharing occurred in New York and Massachusetts. Based on the totality of the agreements and Verizon's performance there under, the Commission found that Verizon provides nondiscriminatory access to the high frequency portion of the loop.[33] Similarly, the Commission reviewed Verizon's line sharing performance in Connecticut based on the same contract language in New York to find Verizon to be fulfilling its obligations in Connecticut.[34]

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[31] *Massachusetts 271 Approval Order* at ¶ 164.

[32] *See id.* n. 512.

[33] *Id.* at ¶ 165.

[34] *In the Matter of Application of Verizon New York Inc., Verizon Long Distance, Verizon Enterprise Solutions, Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in Connecticut*, CC Docket No. 01-100, Memorandum and Order, FCC 01-208 (rel. July 20, 2001). ("*Connecticut 271 Approval Order*") at ¶ 23 ("We find that Verizon demonstrates that it provides nondiscriminatory access to the high-frequency portion of the loop. Verizon offers line sharing in Connecticut under its

(continued...)

With respect to line splitting, the Commission actually reviewed Verizon's proposed line splitting language in granting its 271 approval. In the Connecticut order, the Commission noted as follows:

> Verizon states that it currently offers the unbundled network elements that would allow line-split services. On February 14, 2001, Verizon issued a statement of policy to accommodate line splitting. ***Additionally, Verizon has incorporated line splitting contract language reflecting this policy into its Model Interconnection Agreement which it will make immediately available to any carrier who wishes to offer line-split services.*** Verizon has also demonstrated that it offers competitors nondiscriminatory access to the individual network elements necessary to provide line-split services and that nothing prevent competitors from offering voice and data services over a single unbundled loop. ***Several competitors contest the adequacy of this language and argue that Verizon is currently not in compliance with the Commission's line sharing and line splitting requirements.*** These carriers further contend that Verizon has engaged in a pattern of recalcitrant behavior with regard to implementing line sharing and line splitting requirements and the Commission should not credit its promises of future compliance.[35]

In footnote 556, the Commission summarized Verizon's Model Interconnection Agreement language, which is identical to the language proposed in Virginia:

> In its line splitting amendment, Verizon commits to offer line splitting consistent with the Commission's *Line Sharing Reconsideration Order* by utilizing Verizon's OSS to order the unbundled network elements necessary to provide line-split services. With regard to migrations of UNE-P customers to line splitting, Verizon commits to follow the implementation schedules, terms, conditions and

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interconnection agreements and the terms of its tariff, in accordance with the requirements of the *Line Sharing Order* and *Line Sharing Reconsideration Order*.")

[35] *Massachusetts 271 Approval Order* at ¶ 175 (footnotes omitted, emphasis added). AT&T and WorldCom were among the carriers making the claims referenced by the Commission.

> guidelines established in the ongoing DSL collaborative at the New York Public Service Commission.

Rejecting AT&T and WorldCom's complaints about Verizon's language, the Commission ruled as follows:

> 175. Verizon demonstrates that it makes it possible for competing carriers to provide voice and data service over a single loop – *i.e.*, to engage in "line splitting." Specifically, Verizon demonstrates that it has concrete and specific legal obligation to provide line splitting through rates, terms and conditions in interconnection agreements. As a result, a competing carrier may, for instance, provide voice service using UNE-P and, either alone or in conjunction with another carrier, provide xDSL service on that same line.
>
> * * *
>
> 178. We disagree with WorldCom's contention that Verizon's line-splitting interconnection agreement language limits line splitting to carriers who are collocated in Verizon central offices or that Verizon is taking the position that the UNE-P providers may not line split unless they are collocated. Verizon's contract language, which includes a reference to "collocator to collocator" connections, does not require UNE-P providers to be collocated in Verizon central offices to offer line split services. Rather, UNE-P providers need not obtain collocation in Verizon central offices to offer the voice component of line-split services.
>
> 179. ***Verizon's interconnection agreement amendment is also consistent with our Line Sharing Reconsideration Order,*** which requires that incumbent LECs minimize service disruptions to existing voice customers undergoing a transition to line-splitting. For example, where competitive LECs provide data service to existing end user customers and Verizon provides voice service to that customer there is no need to "rearrange" network facilities to provide line-split services. Because no central office wiring changes are necessary in such a conversion from line sharing to line splitting, Verizon is required under our *Line Sharing Reconsideration Order* to develop a streamlined ordering processes for formerly line sharing competitive LECs to enable migrations between

> line sharing and line splitting that avoid voice and data service disruption and make use of the existing xDSL-capable loop. Such a transition from line sharing to line splitting should occur subject only to charges consistent with the Commission's cost methodology as articulated in the *Local Competition First Report and Order*.

Thus, contrary to AT&T Witness Pfau's assertions at page 117, the Commission explicitly addressed Verizon VA's proposed interconnection agreement language implementing line splitting, implicitly addressed Verizon VA's proposed line sharing language, and found them to fulfill Verizon VA's obligations.

Q. DOES VERIZON VA'S PROPOSED LINE SPLITTING LANGUAGE OUTLINE HOW LINE SPLITTING MAY BE ORDERED TODAY AND IN THE FUTURE?

A. Yes. As explained in Verizon VA's Direct Testimony, and depicted in Exhibit ASP-4, Verizon's proposed line splitting language makes clear that AT&T can immediately engage in line splitting using the ordering procedures applicable to an unbundled xDSL capable loop, which will terminate to a collocated splitter and DSLAM equipment provided by its data partner (or itself), unbundled switching combined with shared transport, collocator-to-collocator connections, and available cross connects, under the terms and conditions set forth in the applicable sections for each element in the proposed agreement to AT&T. The proposed language provides further that should AT&T wish to migrate an existing UNE-P to a line splitting configuration, it may do so under the implementation schedule, terms, conditions, and guidelines developed in the New York DSL Collaborative.

Q. AT&T WITNESS PFAU AT PAGE 123 OF HIS DIRECT TESTIMONY READS VERIZON VA'S PROPOSED LINE SPLITTING LANGUAGE TO COMMIT VERIZON VA TO ADOPT ONLY THE RESULTS OF THE NEW YORK DSL COLLABORATIVE WITH WHICH IT AGREES. IS THIS TRUE?

A. No. Verizon VA proposes to implement the results of the New York DSL Collaborative on which there is industry consensus. As a practical matter, any service descriptions, terms, conditions, or timelines resulting from the collaborative process have either been agreed to by the parties or ordered by the New York Commission. Verizon VA intends to implement any final results agreed upon in the collaborative process. It does not however, propose to implement those terms and conditions over which the parties could not reach consensus in the absence of a New York Commission Order. Such a result would defeat the very purpose of a collaborative effort.

Q. IS VERIZON VA WILLING TO AMEND ITS PROPOSED LINE SPLITTING LANGUAGE TO ADDRESS AT&T'S CONFUSION?

A. Yes. While Verizon VA disagrees that its proposed line splitting language is vague, it recognizes that AT&T (as well as WorldCom) do not believe it sufficiently explains Verizon VA's intent to implement the results of the New York DSL Collaborative. Therefore, Verizon VA proposes to amend § 11.2.18.1 of its proposed interconnection agreement to AT&T and its Line Splitting Addendum to WorldCom to read as follows:

> [AT&T] [WorldCom] may provide integrated voice and data services over the same Loop by engaging in "line splitting" as set forth in paragraph 18 of the FCC's Line Sharing Reconsideration Order (CC Docket Nos. 98-147, 96-98), released January 19, 2001. Any line splitting between [AT&T] [WorldCom] and another CLEC shall be accomplished by prior negotiated arrangement between those CLECs. To achieve a line splitting capability immediately, [AT&T] [WorldCom] may order an unbundled xDSL capable loop, which will terminate to a collocated splitter and DSLAM equipment provided by its data partner (or itself), unbundled switching combined with shared transport, collocator-to-collocator connections, and available cross connects, under the terms and conditions set forth in the applicable sections for each element in this Agreement. [AT&T] [WorldCom] or its data partner shall provide any splitters used in a line splitting configuration.
>
> Verizon will provide to [AT&T] [WorldCom] any service as described and developed by the ongoing DSL Collaborative in the State of New York, NY PSC Case 00-C-0127 consistent with such implementation schedules, terms, conditions and guidelines established by the Collaborative, allowing for local jurisdictional and OSS differences."

Q. WHY DOES VERIZON VA FIND IT NECESSARY TO ACCOUNT FOR ANY LOCAL JURISDICTIONAL OR OSS DIFFERENCES BETWEEN LINE SPLITTING IMPLEMENTATION IN NEW YORK AND VIRGINIA?

A. Verizon VA understands that under § 252(i) of the Act, or the most favored nation provisions of its merger conditions, any CLEC in any Verizon territory can adopt any provision of Verizon VA's interconnection agreements. The Commission's merger conditions and approval order expressly recognize that the former Bell Atlantic and the former GTE exchanges are served by different OSS. As the Commission noted in the *BA/GTE Merger Order*,

> . . . Bell Atlantic and GTE's systems "developed from significantly different sources and, as a result, . . . differ significantly [from each other]." Given these facts, the Applicants have asserted that to achieve uniformity through the combined region: (1) it likely will cost "hundreds of millions," if not "billions," of dollars; (2) it could take more than five years to achieve; and (3) "given the size of the work effort . . . and the unknowns about the true scope and scale of the project, there is no certainty that Bell Atlantic/GTE would be able to complete such a project."[36]

Thus, the systems modifications and procedures adopted to serve New York cannot be implemented in an identical manner in all Verizon jurisdictions. Verizon VA's interconnection agreement must account for this fact.

Moreover, Virginia itself will have jurisdictional differences between former Bell Atlantic and former GTE serving areas. AT&T correctly points out that Verizon committed to implement uniform interfaces and business rules for at least 80 % of the access lines for the combined Bell Atlantic and GTE service areas in Pennsylvania and Virginia within five years after the Merger Closing Date. However, such uniform interfaces have not been completed at this time, and will not be completed by the implementation date for line splitting in New York. For these reasons, until its OSS merger is complete, Verizon VA must account for the differences between former Bell Atlantic and former GTE service territories in Virginia. Should a Virginia CLEC serving a former GTE-territory opt-in to AT&T's interconnection agreement, deletion of language recognizing the jurisdictional differences between the territories could require the company to implement line splitting in a manner and under a time frame that it cannot meet.

[36] *BA/GTE Merger Order* at ¶ 286.

Q. IS AT&T WITNESS PFAU CORRECT WHEN HE STATES AT PAGE 112 OF HIS DIRECT TESTIMONY THAT "IT IS NOT BURDENSOME FOR VERIZON TO INCORPORATE THE LANGUAGE THAT AT&T HAS TAKEN THE TROUBLE TO DRAFT" TO IMPLEMENT LINE SPLITTING?

A. No. AT&T's self-serving language attempts to short circuit the collaborative process by adopting its implementation wish list without regard to how it affects Verizon VA's operations or other carriers (in particular DLECs). The New York DSL Collaborative made very clear from the beginning that different competitive carriers have different priorities and do not always agree on the best way to implement line splitting. For example, there was disagreement among DLECs and voice CLECs over which carrier should control the circuit in a line splitting scenario and have the right to disconnect data or voice service. Only by discussing these issues in a collaborative process under the supervision of a regulatory body could the parties develop consensus line splitting arrangements that will work for all parties. The work of the collaborative is not complete. AT&T should not be permitted to lock Verizon VA into implementing AT&T's view of how line splitting should be accomplished. Instead, the interconnection agreement between the parties should incorporate the progress made by the New York DSL Collaborative, which is working to resolve issues identified by AT&T as a concern underlying its proposed line splitting language.

Q. PLEASE COMMENT ON EACH OF THE SUB-ISSUES IDENTIFIED BY AT PAGES 113 – 115 OF AT&T WITNESS PFAU'S TESTIMONY THAT REQUIRE ARBITRATION.

A. Verizon VA addresses each sub-issue one at a time:

III.10.B.1. Must all aspects of the operational support delivered to AT&T in support of line sharing and line splitting arrangements with Verizon be at no less than parity as compared to the support provided when Verizon engages in line sharing with its own retail operation, with an affiliated carrier, or with unaffiliated carriers in reasonably similar equipment configurations?

To the extent that VADI enters into line splitting arrangements with a UNE-P voice provider, and to the extent the UNE-P provider authorizes VADI to place orders on its behalf, the ordering processes used by VADI to order a line splitting arrangement will be identical to those used by any other CLEC (whether a UNE-P provider or a DLEC) ordering a line splitting arrangement.

Likewise, the line sharing ordering process used by VADI is the same as the line sharing ordering process used by any other DLEC: VADI or any other DLEC submits one LSR, using OSS interfaces, for the establishment of a line sharing arrangement in order to offer an xDSL product over a loop used by Verizon VA to provide voice service. VADI uses the same ordering process CLECs will use to offer an xDSL product over a UNE-P loop used by that or another carrier to provide voice service.

III.10.B.2. Must Verizon immediately provide AT&T with the procedures it proposes to implement line splitting on a manual basis?

As discussed above, AT&T has received these procedures in the New York DSL Collaborative, as well as in numerous state proceedings.

III.10.B.3. Must Verizon implement electronic OSS that are uniform with regard to carrier interface requirements and implement line splitting contemporaneously with its implementation of such capabilities in New York, but in no event later than January 2002?

While the Commission required ILECS "to make all necessary modifications to facilitate line splitting, including providing nondiscriminatory access to OSS necessary for pre-ordering, ordering, provisioning, maintenance and repair and billing for loops used in line splitting arrangements," as well as the "central office work necessary to deliver unbundled loops and switching to a competing carrier's physically or virtually collocated splitter that is part of a line splitting arrangement," it also recognized that the OSS modifications required to support line splitting will take some time to implement. The Commission reaffirmed this understanding in its order granting Verizon 271 approval in Massachusetts:

> The *Line Sharing Reconsideration Order* does not require Verizon to have implemented an electronic OSS functionality to permit line splitting. Rather, ***the Commission's Line Sharing Reconsideration Order recognizes that a state-sponsored xDSL collaboratives is the appropriate place for Verizon to evaluate how best to develop this functionality.*** For example, Verizon has represented that it is actively working on developing the OSS upgrades necessary to provide for electronic ordering of line-split services in the context of the New York Commission's xDSL collaborative. We recognize that Verizon has not, to date, implemented the OSS upgrades necessary to electronically process line-splitting orders in a manner that is minimally disruptive to existing voice customers; but that such functionality may require significant software upgrades and testing. ***It is undisputed that the parties in the New York DSL collaborative commenced discussion of line splitting over a year ago;***

> ***that in April 2000 Verizon formally posed numerous questions to competitors concerning their business rules for line splitting; and that in August 2000, competitive LECs submitted their initial detailed business rules to Verizon.*** Thus it appears that Verizon has the necessary information to implement the necessary OSS upgrades. Verizon has been able to provide its customers line-shared DSL service for approximately two years. ***Our Line Sharing Reconsideration Order is fulfilled by Verizon's adoption of an implementation schedule for line splitting as directed by the New York Commission that will afford competitors the same opportunities.***
>
> We note that in response to WorldCom's concerns, Verizon has agreed upon an implementation schedule to offer line splitting-specific OSS capabilities under the supervision of the New York Commission. In June of this year we expect that Verizon will conduct a preliminary OSS implementation in New York using new OSS functionality to add data service to an existing UNE-P customer. In October, Verizon has committed to implement, in the Verizon East territory including Massachusetts, the new OSS capability necessary to support migrations from line sharing to line splitting arrangements consistent with the business processes defined in the New York DSL collaborative. Consistent with their plans and with the guidance of the New York DSL collaborative, Verizon plans to offer OSS capability necessary to support UNE-P migrations to line splitting by October 2001.[37]

Verizon is implementing electronic OSS that are uniform with regard to carrier interface requirements based on the results of the New York DSL Collaborative, and commits in its proposed contract language to implement line splitting consistent with the implementation of such capabilities in New York. As explained in the Advanced Services Panel's Direct Testimony, this functionality includes OSS modifications that will enhance the process for a CLEC with an existing UNE-P arrangement to submit an order to add data to the line. The

[37] *Massachusetts 271 Approval Order* ¶¶ 180-181 (emphasis added, footnoted omitted).

second enhancement Verizon is currently working on enhances the process for migrating from a line sharing arrangement to a line splitting arrangement.

To the extent systems differ between New York and Virginia that cause different enhancements to be made, implementation in Virginia cannot be contemporaneous with New York. However, Verizon expects to have enhancements in place in Virginia shortly after the New York enhancements are completed.

III.10.B.4. Must Verizon provide automated access to all loop qualification data to AT&T simultaneously with providing automated access to itself or any other carrier, including non-discriminatory treatment with regard to planning and implementation activities preceding delivery of the automated access?

In its *Massachusetts 271 Approval Order*, the Commission outlined Verizon VA's requirements for providing access to loop qualification data:

> As the Commission required of SWBT in the recent *SWBT Kansas/Oklahoma Order*, we require Verizon to demonstrate that it provides access to loop qualification information in a manner consistent with the requirements of the *UNE Remand Order*. In particular, we require Verizon to provide access to loop qualification information as part of the pre-ordering functionality of OSS. In the *UNE Remand Order*, the Commission required incumbent carriers to provide competitors with access to all of the same detailed information about the loop available to themselves, and in the same time frame as any of their personnel could obtain it, so that a requesting carrier could make an independent judgment at the pre-ordering stage about whether a requested end user loop is capable of supporting the advanced services equipment the requesting carrier intends to install. Under the *UNE Remand Order*, Verizon must provide carriers with the same underlying information that it has in any of its own databases or internal records. The relevant inquiry as required by the

> *UNE Remand Order* is not whether Verizon's retail arm or advanced services affiliate has access to such underlying information but whether such information exists anywhere in Verizon's back office and can be accessed by any of Verizon's personnel. Moreover, Verizon may not "filter or digest" the underlying information and may not provide only information that is useful in the provision of a particular type of xDSL that Verizon offers. Verizon must provide loop qualification information based, for example, on an individual address or zip code of the end users in a particular wire center, NXX code or on any other basis that Verizon provides such information to itself. Verizon must also provide access for competing carriers to the loop qualifying information that Verizon can itself access manually or electronically. Finally, Verizon must provide access to loop qualification information to competitors "within the same time frame that any incumbent personnel are able to obtain such information," including any personnel in its advanced services affiliate, Verizon Advanced Data, Inc. (VADI).[38]

As explained in the Advanced Services Panel's Direct testimony, Verizon VA's proposed interconnection agreement language fulfills its obligations under the *UNE Remand Order*.[39]

III.10.B.5. May Verizon require AT&T to pre-qualify a loop for xDSL functionality?

Yes. Verizon VA explained in its Direct Testimony in this proceeding why loop pre-qualification should be required.[40]

[38] *Massachusetts 271 Approval Order* at ¶ 54; *see also Connecticut 271 Approval Order* at ¶ 54.

[39] Advanced Services Panel Direct Testimony at 17-20.

[40] *Id.* at 20-23.

III.10.B.5.a. If AT&T elects not to pre-qualify a loop and the loop is not currently being used to provide services in the HFS, but was previously used to provide a service in the HFS, should Verizon be liable if the loop fails to meet the operating parameter of a qualified loop?

For the reasons outlined in Verizon VA's Direct Testimony in this proceeding, the answer must be no.[41]

III.10.B.6. May AT&T, or its authorized agent, at its option provide the splitter functionality in virtual, common (*a.k.a.* shared cageless) or traditional caged physical collocation?

Verizon VA's line sharing Option 1 permits AT&T to install its splitters in its own collocation space within a central office, and places no limitations on the type of collocation arrangement AT&T may have.[42] Under Verizon VA's line sharing Option, 2 AT&T's splitter would be installed in Verizon VA's space in a relay rack in a virtual collocation arrangement. Both of these splitter location options apply to Verizon VA's line splitting service descriptions developed in the New York DSL Collaborative.

III.10.B.7. If Verizon declines to do so voluntarily, must Verizon, at AT&T's request, deploy a splitter on a line-at-a-time basis as an additional functionality of the loop within 45 days of the Commission's order in a proceeding of general application?

Implicitly recognizing Verizon VA's right to refuse to purchase splitters for AT&T, Issue III.10.B.7 seeks a commitment that within 45 days of any Commission order imposing an obligation on ILECs to own splitters, that Verizon

[41] *Id.* at 21-23.

[42] Verizon-proposed interconnection agreement to AT&T § 11.2.17.4.

VA will deploy such a splitter on a line-at-a-time basis. Verizon VA finds such a commitment premature.

The Commission has already found that under its current rules, ILECs are not required to own splitters, and that splitters are not part of the features and functionalities of a loop. In the *Line Sharing Order*, the Commission found that incumbents may ***choose*** to own and provide splitters to CLECs, but they are under no obligation to do so.[43] In its *SBC Texas 271 Order,* the Commission squarely rejected AT&T's argument that splitters are part of the features and functionalities of the loop that an ILEC must provide:

> We reject AT&T's argument that [SBC] has a present obligation to furnish the splitter when AT&T engages in line splitting over the UNE-P. The Commission has never exercised its legislative rulemaking authority under section 251(d)(2) to require incumbent LECs to provide access to the splitter, and ***incumbent LECs therefore have no current obligation to make the splitter available.*** As we stated in the *UNE Remand Order*, "with the exception of Digital Subscriber Line Access Multiplexers (DSLAMs), the loop includes attached electronics, including multiplexing equipment used to derive the loop transmission capacity." We separately determined that the DSLAM is a component of the packet switching unbundled network element. We observed that 'DSLAM equipment sometimes includes a splitter' and that, "[i]f not, a separate splitter device separates voice and data traffic." We did not identify any circumstances in which the splitter would be treated as part of the loop, as distinguished from being part of the packet switching element. That distinction is critical, because we declined to exercise our rulemaking authority

[43] *Line Sharing Order* at ¶ 76 ("incumbent LECs may maintain control over the loop and splitter equipment").

> under section 251(d)(2) to require incumbent LECs to provide access to the packet switching element. . . .[44]

The FCC concluded that:

> The *UNE Remand Order* cannot fairly be read to impose on incumbent LECs an obligation to provide access to their splitters. Indeed, the only discussion of the splitter appeared in a discussion of a network element (the packet switching element) that we decided not to unbundle, ...[45]

Thus, under the Commission's current rules, Verizon has no obligation to provide splitters to the CLECs.[46] Should the Commission change its current rules, Verizon VA's proposed interconnection agreement includes a change of law provision that would govern implementation of any new obligations.

Nor should this Commission—sitting as the Virginia Commission—impose any additional requirement that Verizon VA own splitters on behalf of AT&T.

[44] *In re Application by SBC Communications Inc. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas,* Memorandum Opinion and Order, 15 F.C.C.R. 18354 (2000) ("*SBC Texas 271 Order*") at ¶ 327 (emphasis added).

[45] *Id.* at ¶ 328.

[46] In the *Line Sharing Reconsideration Order,* the Commission noted that it expects to further address issues closely associated with line splitting—including splitter ownership—in upcoming proceedings where the record better reflects these complex issues. For example, in the *Fifth Further NPRM* (also known as the New Networks proceeding), the Commission is examining the nature and type of electronics that are or may be attached to a loop, and whether or not attached equipment that is used for both voice and data services (*e.g.*, the splitter) should be included in the definition of the loop. The Commission found that it has a more extensive record on these issues elsewhere and, as a result, intends to discuss them further in more recently initiated rulemaking proceedings. *Line Sharing Reconsideration Order* at ¶ 25.

Commission Rule 317,[47] entitled "Standards for Requiring the Unbundling of Network Elements," establishes specific factors that state commissions must consider before ordering the unbundling of additional network elements.[48] Rule 317(b) provides the analytical framework that a state commission *must* undertake to determine whether the lack of access to a non-proprietary network element impairs a carrier's ability to provide the service the carrier seeks to offer.[49] Under this provision a state commission must conduct a thorough review of a number of elements related to cost, timeliness, quality, ubiquity and impact on network operations. In conducting this analysis, the Commission indicated that the state commission should not focus on the operations of one CLEC, but rather should look at the effect on other CLECs seeking to offer the same service.[50] Such an analysis would not support AT&T's requests for ILEC-owned splitters.

[47] Rule 317 was one of the revised rules that the Commission promulgated in the *UNE Remand Order.* The rule assumes that the network elements to be unbundled already exist in the ILEC's network. As noted above, Verizon has no splitters in its network beyond those it provided to CLECs to facilitate implementation of the Commission's *Line Sharing Order*, and splitters are not network elements.

[48] Rule 317(d) states that "[a] state commission must comply with the standards set forth in this [section] when considering whether to require the unbundling of additional network elements." The requirements of Rule 317 cannot be evaded by classifying the splitter as a functionality of the loop. As noted above, the *SBC Texas 271 Order* did not find that the splitter was part of the loop. *SBC Texas 271 Order* at ¶ 327. If CLECs and DLECs want the splitter to be supplied on demand, they must demonstrate that the splitter is a separate network element and that they will be impaired if they do not have access to ILEC splitters. *See Line Sharing Order* at ¶ 17, n.29. However, because CLECs and DLECs can obtain access to splitters from other DLECs or splitter vendors, no party can make this showing.

[49] *Id.*

[50] *See UNE Remand Order* ¶¶ 53-54, 65; *id.* ¶ 53 ("the existence of some significant levels of competitive facilities deployment is probative of whether competitive LECs are impaired from providing service within the meaning of section 251(d)(2)").

There is no public policy justification to require Verizon VA to purchase splitters for AT&T's use. Rule 317(c) outlines five public policy concerns that a state commission may consider in determining whether to require the unbundling of any network element. For example, commissions may consider whether unbundling the network element promotes the "rapid introduction of competition" or "promotes facilities based competition, investment and innovation."[51] These public policy concerns favor CLEC, not ILEC, ownership of splitters.

AT&T's simply seeks for Verizon VA to voluntarily absorb a share of AT&T's business risks without offering Verizon VA a share of the returns. Verizon VA should not be placed in the position of financing and administering a changing array of splitter types for use by various CLECs when those CLECs are perfectly capable of determining their own needs and acting accordingly. This is especially true in light of the rapid evolution of technology and the changing varieties of splitters and CLEC demands this evolution will create. Verizon VA should not be placed in the position of indefinitely having to finance and bear the risk of stranded splitter investment caused by CLEC attempts to keep up with these changes by demanding the most recent splitter innovation.

[51] *Id.*

Second, Verizon VA ownership of splitters certainly would not promote facilities-based competition.[52] The Commission emphasized that "line sharing relies on rapidly evolving technology," and is intended to "stimulate technological innovation" even more.[53] An ILEC-owned splitter would clearly hinder facilities-based competition and technological innovation by putting Verizon VA in charge of selecting the types of splitters and the time tables for their implementation. Moreover, AT&T made no secret of its overall business plan to use telephone lines only on an interim basis, pending its movement to the provision of voice, data, and video services over cable television lines. While AT&T is currently undergoing a restructuring, it has made clear that it has no current plans to sell its Broadband business, but to move forward with its restructuring plan.[54] Clearly, AT&T's interest in this issue is connected to (i) its recognition that its business plan will entail the stranding of the "interim" splitter assets, and (ii) its preference that this burden should be borne by someone other than its own shareholders.[55]

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[52] *See* Rule 317(c)(2); *see also UNE Remand Order* at ¶ 110 ("consumers benefit when carriers invest in their own facilities because such carriers can exercise greater control over their networks thereby promoting the availability of new products that differentiate their services in terms of price and quality").

[53] *Line Sharing Orde*r at ¶ 26.

[54] News Release, AT&T, "Response to Comcast" (July 9, 2001) (http://www.att.com/press/item/0,1354,3906,00.html). AT&T's restructuring plan retains AT&T Broadband as a member of the AT&T family. *See* News Release, AT&T, "AT&T To Create Family Of Four New Companies; Company To Offer To Exchange AT&T Common Stock For AT&T Wireless Stock" (October 25, 2000) (http://www.att.com/press/item/0,1354,3420,00.html).

[55] Even absent the cable vs. telephone lines issue, stranding could be caused by CLEC migration to other data access technologies (such as wireless), or simply to more advanced splitter equipment. Rapid technological evolution of splitters and other advanced services

(continued...)

Third, Verizon VA ownership of the splitter would not reduce regulation or be administratively practical to apply.[56] It is doubtful that the carriers that are or may be interested in line sharing or line splitting could ever agree initially or in the future on the particular type of splitter to be installed. Also, ILEC ownership is administratively inefficient and cumbersome in view of the (i) expanded central office wiring required to implement ILEC ownership of splitters, (ii) the absence of any reliable forecasts of aggregate or individual CLEC line-sharing/splitter demand, and (iii) the variety of types of splitters that incumbents could be required to maintain in inventory.

Finally, if CLECs feel that sharing splitters is more efficient for them, nothing prevents the CLECs themselves from provisioning splitters to and among themselves in line-at-a-time increments, including sharing splitters in order to minimize their expenses. For instance, AT&T—or any other CLEC or DLEC—could buy splitters, place them in Verizon VA's central office(s), and let other CLECs use them on a line-at-a-time basis. Alternatively, if there are benefits to

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equipment can be expected as market penetration of advanced services increases. Clearly, this risk of stranding of advanced services assets should be borne by the carriers who are providing those services and reaping the rewards associated therewith. ILECs are not required to serve as stranded-investment insurers for CLECs. This is not simply a hypothetical risk. In the former GTE states, in order to facilitate implementation by June 6, 2000, and in order to facilitate the CLECs' ability to line share, GTE embarked on a collaborative effort with the CLECs to identify and prioritize offices for initial deployment and for temporary ILEC-owned splitter deployment. As part of this initial deployment effort, four CLECs provided forecasts for their line sharing demand and GTE purchased splitters to meet this forecast. These splitters were vastly underutilized. For example, in California, only 5% of the GTE-purchased splitters were utilized by CLECs.

[56] *See* Rule 317(c)(3) and (5).

shared use, a consortium of CLECs interested in line sharing or line splitting could buy the equipment together and share it—an arrangement similar to collocation today where CLECs may share their collocation cages. AT&T offers no justification—because there is none—for Verizon VA to own splitters on AT&T's behalf and provide them on a one-by-one basis according to AT&T's demand.

This Commission—sitting as the Virginia Commission—should not be persuaded by the Texas, Wisconsin or Indiana orders cited by AT&T. First, the recent Texas and Indiana arbitration orders cited by AT&T are flatly inconsistent with this Commission's ruling in the *SBC Texas 271 Order* that splitters are ***not*** part of the features and functionalities of a loop. Nor did those orders appear to have engaged in the impair analysis required to add to the unbundling requirements imposed by this Commission. Thus, it is Verizon VA's belief that those orders exceeded state commission authority under the Act to impose the additional requirement on SBC and Ameritech to provide splitters. Furthermore, Verizon VA notes that in each case, the order found it discriminatory for an ILEC to voluntarily provide a splitter in a line sharing scenario where the ILEC remained the voice provider, but to refuse to do so in a line splitting scenario where a CLEC provided voice service. Verizon VA, however, does not provide splitters under any circumstances, and thus does not engage in the discriminatory behavior observed by the Wisconsin, Texas, and Indiana orders.

Moreover, as explained in Verizon VA's Direct Testimony, far more states have refused to require ILECs to own splitters.

III.10.B.8. Must Verizon perform cross-connection wiring at the direction of AT&T (or its authorized agent), including CLEC-to-CLEC cross-connections, regardless of who deploys a splitter or where it is deployed in a line sharing or line splitting arrangement?

The Commission just released its *Advanced Services Remand Order* in Docket 98-147 on August 8, 2001.[57] Verizon VA is in the process of reviewing this Order to determine what effect, if any, it will have on Verizon VA's proposed interconnection agreement language. Consequently, Verizon VA reserves the right to supplement its testimony (including the submission of oral testimony at any hearings) on this issue. Verizon VA notes, however, that AT&T's proposed § 1.11.2 is inconsistent with the Commission's conclusion that CLECs are not permitted to self-provision cross connects.

III.10.B.9. Must Verizon implement line sharing/splitting in a manner consistent with that ordered in New York?

Yes. This is precisely what Verizon VA's proposed line splitting language proposes to do.

III.10.B.10. Must Verizon allow AT&T to collocate packet switches in collocation space?

[57] *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket 98-147, FCC 01-204, Fourth Report and Order (rel. Aug. 8, 2001) ("*Advanced Services Remand Order*").

Verizon VA is in the process of reviewing the Commission's *Advanced Services Remand Order* to determine what effect, if any, it will have on Verizon VA's proposed interconnection agreement language. Verizon VA therefore reserves the right to supplement its testimony (including the submission of oral testimony at any hearings) on this issue. As a initial matter, Verizon notes that by requiring Verizon VA to permit collocation of any AT&T equipment "that performs packet switching or contains packet switching as one function of multi-function equipment" subject only to NEBS Safety standards, AT&T's proposed § 1.11.3 appears to exceed the scope of the "necessary" standard and the criteria for collocation of multifunction equipment adopted by the *Advanced Services Remand Order*.

III.10.B.11. Must Verizon support the loop-local switch port-shared transport combination in a manner that is indistinguishable from the operational support Verizon delivers to the retail local voice services Verizon provides in a line sharing configuration, including cases where Verizon shares a line with Verizon Advanced Data, Inc., or another Verizon affiliate, or any unaffiliated carriers, if a loop facility in a line splitting configuration is connected to Verizon's unbundled local switching functionality?

No. Again, AT&T ignores the operational differences between line sharing and line splitting.

III.10.B.12. Is a period of thirty (30) business days adequate for Verizon to provide augmentations to existing collocations to enable AT&T to engage in line sharing or line splitting?

Verizon VA and AT&T are still negotiating this issue, and may be able to reach agreement on an interval for providing augments to existing collocations to support line sharing or line splitting. Verizon VA reserves the right to supplement its testimony (including the submission of oral testimony at any hearings) on this issue should the parties fail to reach an agreement.

III.10.B.13. In circumstances where it is technically feasible to convert an existing line sharing arrangement to a line splitting arrangement without physical disruption of then-existing service to the end user, must Verizon institute records-only changes to record the necessary transfer of responsibilities, without making any changes to the physical facilities used to service the customer, unless AT&T requests otherwise?

As described above, conversion of line sharing to line splitting involves more than just a records change, and some migrations from line sharing to line splitting will involve some physical work and disruption to the end user. The New York DSL Collaborative, through its current pilot, is striving to minimize these disruptions and address whether and under what circumstances changes will be required to the physical facilities used to service the end user. However, Verizon VA is planning to perform conversions without changing the physical facilities where technically feasible.

III.10.B.14. In circumstances where the establishment of a line sharing or line splitting configuration requires physical re-termination of wiring, must Verizon make such changes in a manner that assures that no less than parity is achieved for AT&T and its customers with respect to out-of-service intervals and all other operational support, as compared to line sharing or line splitting configurations that have equivalent splitter deployment options?

This issue is being addressed by the New York DSL Collaborative, and Verizon VA will comply with the metrics and intervals specifically developed in that forum for this type of scenario.